

ASSEMBLY BILL

No. 672

Introduced by Assembly Member Montanez

February 19, 2003

An act to add Chapter 12 (commencing with Section 51515) to Part 3 of Division 31 of the Health and Safety Code, relating to housing.

LEGISLATIVE COUNSEL'S DIGEST

AB 672, as introduced, Montanez. Housing: smart growth: downpayment assistance and mortgages.

Existing law sets forth various powers and duties of the California Housing Finance Agency in conjunction with the financing of housing. Existing law establishes the Homebuyer's Down Payment Assistance Program administered by the agency to assist first-time low- and moderate-income homebuyers.

This bill would require the agency, upon appropriation of moneys for this purpose, to establish and administer the Smart Growth Homebuyer's Downpayment Assistance Program, which would provide buyers of homes, including townhouses and condominiums, located within $\frac{1}{2}$ mile of a public transportation station, as specified, with financial assistance for a downpayment.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Chapter 12 (commencing with Section 51515)
- 2 is added to Part 3 of Division 31 of the Health and Safety Code,
- 3 to read:
- 4

1 CHAPTER 12. SMART GROWTH DOWNPAYMENT ASSISTANCE AND
2 MORTGAGES

3
4 51515. This chapter shall be known and may be cited as the
5 Smarth Growth Homebuyer's Downpayment Assistance
6 Program.

7 51516. The Legislature finds and declares that there is a need
8 to encourage new construction and ownership of residential
9 structures located near public transportation routes.

10 51517. For purposes of this chapter, the phrases "home" and
11 "residential structure" include, but are not limited to, a
12 single-family dwelling, condominium, and townhouse.

13 51518. The purpose of this chapter is to assist buyers of homes
14 located near public transportation routes by utilizing existing
15 mortgage financing.

16 51519. (a) The agency shall establish and administer a
17 downpayment assistance program that includes, but is not limited
18 to, all of the following:

19 (b) Downpayment assistance shall include a deferred-payment,
20 low-interest, junior mortgage loan to reduce the principal and
21 interest payments and make financing affordable to purchasers of
22 homes located within one-half mile of a light rail transit, rapid
23 transit, or other public transportation station, or approved
24 extensions thereof, that meet criteria established by the agency.

25 (c) The amount of downpayment assistance shall not exceed 5
26 percent of the home sales price.

27 (d) The amount of downpayment assistance shall be secured by
28 a deed of trust in a junior position to the primary financing
29 provided. The term of the loan for the downpayment assistance
30 shall not exceed the term of the primary loan.

31 (e) The amount of the downpayment assistance shall be due and
32 payable at the end of the term or upon sale of or refinancing of the
33 home. The borrower may refinance the home loans if the principal
34 and accrued interest on the junior home loan that secures the
35 downpayment assistance is repaid in full. All repayments shall be
36 made to the agency to be reallocated for the purposes of this
37 chapter.

38 (f) The agency may use up to 5 percent of the funds
39 appropriated by the Legislature for purposes of this chapter to
40 administer this program.

1 51520. The agency shall administer the program authorized
2 by this chapter upon appropriation of moneys for this purpose.

O

